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February 19, 2013

Hon. Jerome Horton
Chair, State Board of Equalization
450 N Street, MIC 72
Sacramento, CA 95814

(via email to jerome.horton@boe.ca.gov)

Dear Chairman Horton,

As the President and Immediate Past President, Tom Bordonaro and I are sending this joint letter concerning the proposed working group on embedded software.

Last fall, CAA President, Tom Bordonaro sent a letter to the BOE and interested parties suggesting a working group to address issues associated with the valuation of properties including embedded software.

On October 31, 2012 BOE member George Runner wrote to CAA President Bordonaro agreeing to the proposal to convene a formal working group of interested parties.

On January 14, 2013, Santa Clara County Assessor Larry Stone writing as Chair of the CAA Ad-Hoc Committee on Embedded Software, wrote to BOE Chair Jerome Horton and BOE member George Runner stating that after "extensive review" the CAA Ad-Hoc committee concluded that the creation of a BOE working group would neither be productive nor a prudent use of resources.

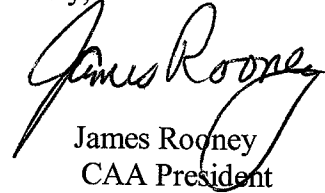
On January 17, 2013 BOE member Runner wrote to Larry Stone stating that a board discussion on January 15 resulted in the decision to not convene a formal working group at this time. He added that BOE staff will survey assessors to better understand various approaches to the treatment of embedded software.

On January 24, 2013 CalTax letter to Horton and Runner suggesting the BOE continue to work on the issue and establish a group to review data collected by BOE staff pertinent to Runner's letter of January 17.

CAA's mission is to assure "fair and equitable tax assessment practices." The current process implemented pursuant to current, antiquated law does not allow for the fulfillment of this mission.

CAA will support a legislative solution during the 2013-14 legislative session and will encourage the convening of interested parties to discuss a legislative solution. This activity could be undertaken concurrent with the CalTax proposal.

Sincerely,



James Rooney
CAA President

CC: Tom Bordonaro, San Luis Obispo County Assessor & Immediate Past CAA President
Larry Stone, Santa Clara County Assessor/Chair, CAA Ad-Hoc Committee on Embedded Software
Members of the CAA Ad-Hoc Committee on Embedded Software
Cal-Tax
Members of the BOE
Dean Kinnee, BOE
Gregg Cook and Rob Grossglauser, Government Affairs Consulting